

Agenda Item III

DNR - Ozone Depleting Refrigerants

Background:

DNR wants 2 LTE's for a pilot program to increase compliance with registration requirements for auto salvage yards that remove air conditioner freon (i.e. CFC's).

However, DNR has requested permanent (not one-time) funding for this so-called "pilot" program. The money involved is \$55,500 PR, and comes from the existing account balance of fees paid by auto salvage yards.

FB Analysis:

DNR estimates that only 41% of auto salvagers are properly registered for CFC's. DOA estimates 100 additional auto salvage businesses would be registered each year under this pilot program. This would of course bring in more PR.

FB notes that DNR doesn't really need all the money they requested (see highlighted paragraphs on p. 3).

Alternatives:

Recommend Alt A-2 or A-3

(note: these alternatives are suggested in the FB Analysis, and Sen. Cowles would likely support)

Recommend Alt B-2

(note: no need to make this permanent funding, and add it to DNR's base, at this time)



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 5, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 16.515 Request Related to Air Management, Recovery of Ozone-Depleting Refrigerants--Agenda Item III

BACKGROUND

On January 9, 1998, the Department of Administration (DOA) forwarded a s.16.515 request to the Joint Committee on Finance from the Department of Natural Resources (DNR) for an increase in expenditure authority of \$18,500 PR in 1997-98 and \$37,000 PR in 1998-99 in the DNR air management program revenue appropriation for ozone-depleting refrigerants. On January 30, 1998, the Committee Co-Chairs notified DOA that a meeting would be scheduled to review the request.

The DNR request would fund two limited-term employees (LTEs) for a pilot program to increase compliance with registration requirements for auto salvage yards that remove air conditioner freon (chloroflorocarbons or CFCs) during the salvaging or dismantling process. While DNR's request describes a pilot program, the requested funds would be permanent, rather than one-time funds. If approved, the funds would be included in DNR's base funding level for the 1999-2001 biennium. Funding would be provided from the existing appropriation account balance and annual fees paid by auto salvage yards that remove CFCs.

CFCs in motor vehicle air conditioners, building cooling systems and home appliances such as refrigerators and air conditioners are considered to be ozone-depleting refrigerants. Production and use of CFCs is being phased out in most of the world. Wisconsin auto salvage businesses and scrap metal processors are required to recover CFCs in the refrigeration equipment before salvaging or dismantling the equipment so that the CFCs will not be released into the air. Each business must register with DNR and use approved CFC recovery equipment and staff who have

successfully completed an approved training program. Auto salvage businesses and scrap metal processors must pay DNR a \$250 annual registration fee. Businesses pay \$125 annually if they salvage or dismantle as an incidental part of the business and are regulated by the Department of Agriculture, Trade and Consumer Protection (auto repair businesses) or the Department of Commerce (businesses that service stationary equipment such as appliances and building cooling systems).

ANALYSIS

DNR's request indicates that there are approximately 700 auto and 30 appliance salvagers and approximately 200 part-time salvagers. A more recent DNR review indicates that as of February 24, 1998, there were approximately 510 businesses registered under the CFC registration program, including 290 auto and 250 stationary equipment businesses. (Approximately 50 of the stationary equipment businesses salvage CFCs from home appliances and most of the rest are part-time heating, ventilation and air conditioning contractors.) Some businesses perform both types of salvage activity. Of the total registered businesses, 300 are full-time and 210 are part-time salvage businesses. Under the DNR estimates, this represents a compliance rate of 41% for auto salvagers and nearly full compliance for appliance and part-time salvagers.

The CFC registration program is authorized \$116,100 PR annually with two positions to administer the program. The program is funded from the CFC registration fees paid by salvage businesses. One position is located in the Madison central office and coordinates the program. In 1996-97, DNR devoted additional efforts equal to approximately one-half of a position (a total of 1.5 FTE) from various central office staff (0.3 position) and regional staff (0.2 position). In 1997-98, between July 1, 1997, and December 31, 1997, DNR devoted approximately 1.8 positions to the program with approximately 1.6 central office staff and 0.2 district staff. In both fiscal years, the remainder of the second authorized position was reallocated to air management activities related to reducing the backlog of new source permit applications. In addition, during 1997-98, DNR reallocated permanent salary savings to provide approximately 700 limited-term employee hours related to the pilot program.

During 1997-98, the pilot program and the requested two LTEs would focus on the west central and southeast regions of the state, where DNR estimates there are 250 unregistered businesses. DNR intends to expand the program to the rest of the state during mid- to late 1998-99. The LTEs would visit nonregistered businesses, determine whether the business must be registered, provide the necessary forms for the business to register and follow-up with compliance action if a business does not complete a required registration.

DNR began the pilot program in the summer of 1997 by reallocating \$7,300 in 1997-98 from permanent salaries savings to LTE salaries to fund one LTE in each of the west central and southeast regions. The LTE in the southeast region continues to work in the program but the reallocated funds have been almost expended. A similar amount of permanent salaries savings may be available during 1998-99. DNR officials estimate that approximately 60 auto salvagers

were registered by the LTEs between July 1, 1997, and February, 1998, and the total number of registered businesses increased from approximately 440 to 510 during the time period.

Prior to the DNR pilot program, CFC registration revenues were approximately \$95,000 annually. Pilot program efforts to date will result in additional revenue of approximately \$15,000 annually. The July 1, 1997, appropriation account balance was \$101,300. Registration revenue during 1997-98 is \$82,375 as of February 23, 1998.

DOA estimates that under the pilot program, 100 additional auto salvage businesses would be registered in each fiscal year, bringing in approximately \$75,000 in new program revenue during 1997-99. (This would include the businesses already registered under the pilot program.)

DNR estimates that if 90% of auto and appliance salvagers statewide register under the program, total potential program revenue would increase to \$186,800 annually. DNR anticipates that the other 10% of salvagers would discontinue CFC recovery activities and would not need to become registered. If this level of compliance and registration is achieved, it would be after the 1997-99 biennium, because the pilot program would not be expanded statewide until mid- to late in the 1998-99 fiscal year.

It is likely that the LTE efforts would generate additional revenue, but it is uncertain how much additional revenue would be generated under the pilot program. If the request is not approved, the June 30, 1999, appropriation balance would be expected to be \$86,000. Even at current revenue levels, approval of the request would result in a \$30,000 balance. Any increased revenues generated from approval of the LTE funding would increase that estimated balance.

A March approval date would result in a need for \$9,300 for three months of funding during 1997-98 instead of the requested \$18,500 for six months of funding (a decrease of \$9,200). While DNR requests \$37,000 for 12 months of LTE funding in 1998-99, permanent salary savings of \$7,300 could be reallocated as was done in 1997-98 to fund a portion of the LTE efforts, and the request for 1998-99 funding could be reduced to \$29,700.

While the requested LTE funds would be included in DNR's base funding level for the 1999-2001 biennium, DNR officials indicate that the Department would reevaluate the need for the LTE efforts after 1998-99. Provision of the LTE funds as one-time, rather than ongoing funding, would allow legislative review of the activity during 1999-2001 biennial budget deliberations.

It is probable that if DNR fully allocated the currently authorized 2.0 FTE positions to CFC registration activities instead of allocating 20% to 50% of one position to other air management administration, the need for LTE funds could be reduced or eliminated. For example, the request could be reduced by 20% to more fully reflect the allocation of the currently-authorized 2.0 FTE to CFCs. This would modify the request to provide \$7,400 in 1997-98 and \$23,800 in 1998-99.

If DNR would more fully allocate the currently-authorized second position to regional CFC registration activities (instead of the current 0.2 FTE), it is possible that the current staff could register the additional auto salvage businesses covered under the DNR request. Based on the 0.2 FTE currently allocated to regional registration and the LTE pilot, it appears that 1.0 FTE in the field should be able to register up to 134 businesses annually (72 if 0.5 FTE were utilized). To accomplish this reallocation, DNR would have to reallocate all or a portion of 0.6 FTE from central office CFC activities and 0.2 FTE from other air management program activities to regional CFC registration activities. This would eliminate the need for the LTE request. DNR indicates that it plans to continue reallocating 0.2 to 0.5 FTE from CFC activities to new source air pollution permit reviews. The air permit review process is funded through fees on businesses seeking the permits. Therefore, it could be argued that CFC registration revenue should be used for CFC activities rather than other air management activities.

ALTERNATIVES

A. Funding Level

OK 1. Approve the DNR request to increase expenditure authority by \$18,500 PR in 1997-98 and \$37,000 PR in 1998-99 for limited-term employees in the air management ozone-depleting refrigerant appropriation.

2. Approve the DNR request, as reestimated, and increase expenditure authority by \$9,300 PR in 1997-98 and \$29,700 PR in 1998-99 for limited-term employees in the air management ozone-depleting refrigerant appropriation.

OK 3. Increase DNR's expenditure authority by \$7,400 PR in 1997-98 and \$23,800 PR in 1998-99 for limited-term employees in the air management ozone-depleting refrigerant appropriation (to reflect a reallocation of currently authorized staff to CFC field activities).

No 4. Deny the request. (DNR could more fully allocate existing staff resources to CFC field registration activities.)

B. Funding Basis

1. Approve the DNR request to provide funding on a permanent basis.

2. Modify the request to provide one-time funding in the 1997-99 biennium.

Prepared by: Kendra Bonderud

Agenda Item IV

DNR - Ice Age Trail

Stewardship Grant

Background:

DNR wants to give the Ice Age Park & Trail Foundation \$993,565 so they can purchase 93 acres from Vernon Properties in Dane County. (Dane County will be paying most of the rest of the costs of this land purchase, which are significant).

FB Analysis:

The stewardship program authorizes \$500,000 annually for acquiring land and matching private donations for the Ice Age Trail.

Residential development has occurred up to the border of this property on at least one side, and a sewer line runs through the property (i.e. soon to be sprawl). If purchased, the land would be part of the statewide Ice Age Trail, and provide picnic and recreational facilities. This area is a critical connection point for two other existing parks and provides a link to the Military Ridge & Capital City Trails.

There is plenty of Ice Age money in the stewardship account. If JFC denies this request, legal action is likely to be commenced against the state (contract law). The appraisals seem to be in order (although the costs per acre were rounded up, and could be reduced somewhat - see p. 4).

Of course, we could just condemn the land and pay less than fair marked value (i.e. for Albers).

Alternatives:

Recommend Alt 1

(note: Approve the full request. This is the fair market value of the property, and you are helping prevent more land from being lost to sprawl)

(note 2: alt 2 would be ok, but only as a last resort (i.e. is based on real, not rounded, numbers. But, really, in the time JFC has been messing around with this request, the land has probably appreciated to at least the numbers in alt 1)



Legislative Fiscal Bureau

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March 5, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Ice Age Trail (Dane County) Stewardship Grant--Agenda Item IV

REQUEST

The Department of Natural Resources (DNR) requests approval to expend \$993,565 from the Warren Knowles-Gaylord Nelson stewardship program for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County.

BACKGROUND

Stewardship and Ice Age Trail

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs.

The stewardship program authorizes \$500,000 annually for the acquisition of land and the state match of private donations for the Ice Age Trail. The state funds are used to match private funds received from: (a) gifts, grants or bequests; or (b) an amount equal to the fair market value of the land donated for the acquisition or development of the trail. Under statute, the Department is to encourage other state agencies, municipalities, organizations, and individuals to participate in the planning, establishing, developing, and maintaining of the trail.

When the trail is eventually completed, it will roughly follow the terminal moraine left when the last glacier retreated from the state some 12,000 years ago. The trail will extend 1,000 miles: from Potawatomi State Park in Door County, south and then west to Green County, north to Langlade County, and west to Interstate Park in Polk County. Trail corridor planning for Dane, Waukesha, Washington, Portage and Waupaca Counties has been completed. The National Park Service has begun the corridor planning process for Columbia and Sauk Counties.

Dane County Ice Age Trail Foundation Grant

The parcel for which a grant would be given to the Ice Age Trail Foundation is located in the town of Verona in Dane County. The entire parcel proposed for purchase is 117 acres. The property consists of gently rolling uplands which are proposed to be restored to native prairie land. There are no improvements on the property, which is currently being farmed.

The DNR grant would be used to fund approximately one-half of the cost of the purchase of 93 of those acres, which would be preserved for open space as part of the Ice Age Trail Junction Area. Of the remaining acres in the parcel, three would be sold to the city of Madison for roads and 21 acres would be sold to a developer. Dane County will provide a majority of the remainder of the funding to purchase the 93 acre parcel. Dane County staff indicate that the actual amounts to be paid by each of the partners will be determined once the final acreages to be purchased by each is finalized.

The property is currently zoned A-3 agricultural by the local zoning ordinance. The A-3 category is meant to preserve those lands located near developed areas in Dane County for agricultural and open space uses for an unspecified period of time but where urban expansion is inevitable. Urban development is generally deferred in A-3 zoned areas until it is determined that it is feasible to extend public services for non-agricultural and open space uses. Residential development has occurred up to the border of this property on at least one side and a sewer line runs through the property.

If purchased, the parcel would be used as part of the Ice Age Trail Junction Area. The area would serve as a public access point, providing for parking areas, picnic shelters, restrooms and related recreational facilities. This parcel has been identified as critical to the strategic plan for the Junction Area. The Junction Area will also provide a connection between two existing parks, Badger Prairie County Park and Madison's Elver Park. The management plan for the site recommends that the Junction Area serve as a link to the Military Ridge State Recreation Trail and the Capital City Trail. The Dane County Parks Commission has taken on responsibility for managing and maintaining this segment of the Ice Age Trail.

Joint Finance Review

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR

within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of the grant to the Ice Age Park and Trail Foundation was received by the Co-chairpersons on December 16, 1997. On January 8, 1998, the Co-chairpersons notified DNR that a meeting would be scheduled to review the request.

ANALYSIS

Ice Age Trail balance. The funding for the grant to the Ice Age Park and Trail Foundation would come from the Ice Age Trail component of the stewardship program. Assuming this request is approved and considering other obligations and expenditures, through January of 1998, the Department estimates that there is an unobligated balance of approximately \$1.0 million in this component of stewardship.

Committee authority. The Department's original request to the Committee was for approval of the \$288,725 addition to the original grant of \$704,840, which was encumbered in May, 1995, before the Joint Finance review process of stewardship projects over \$250,000 became law. The Department argues that since the original grant of \$704,840 was encumbered before the passive review process became law and that the money has been contractually promised to the Foundation, the original grant does not fall within the review process. However, since s. 23.0915(4) states that the Department may neither "encumber" nor "expend" funding from stewardship on projects over \$250,000 without Committee approval, it appears that the full amount of the grant falls within the Committee's jurisdiction since the Department has not expended any of the funds awarded to the Foundation. This would mean that the Committee could reject the entire expenditure rather than only the \$288,725 addition.

The Department argues that if the Committee rejects the entire grant, that could provide cause for the Foundation to undertake legal action against the Department, since a grant contract between the two was signed and not providing the original funding could be viewed as a breach of contract. If funding from stewardship was not approved by the Committee, the Department would have the option of providing the grant from other (non-stewardship) funding sources, such as reallocating available conservation fund moneys or federal funding if available.

Appraisals. Two private appraisals have been completed on the parcel. An April, 1997, appraisal, placed the value of the property at \$2,457,000 (\$21,000 per acre), with residential development being cited as the highest and best use of the property. This appraisal compared the value of the parcel to that of five other sales. Three of the sales were completed between May, 1995, and January, 1997, and two others were accepted offers at the time of the appraisal. These five parcels sold for a price of between \$18,400 and \$27,000 per acre. After making adjustments for sales motivation and development costs, the adjusted price per acre of the five

sales ranged from \$18,400 to \$21,000, with an average per acre sales price of nearly \$20,300. The appraiser concluded that the sales of \$21,000 per acre were most comparable to the parcel under consideration, and used that number for determining the overall value of the parcel.

Another appraisal done in May of 1997 set the value of the property at \$2,500,000. The highest and best use of the land was again identified as residential development. This appraisal also utilized five comparable sales to determine the value of this parcel. Four of the sales were completed between May, 1995, and January, 1997, with the fifth sale being a current option at the time of the appraisal. These five parcels, all of which were zoned for agricultural purposes, sold for a price of between \$17,400 and \$27,700 per acre. Once these sales figures were adjusted for topography and location, the per acre value ranged from \$19,100 to \$22,200, with an average of \$21,100 per acre. The appraiser placed the value of this parcel at \$21,000 per acre (\$2,457,000 total), and rounded up for a total value of \$2.5 million (\$21,367 per acre). The Department accepted the May, 1997, appraisal as the official appraisal.

Dane County staff indicate that the negotiated price of the parcel has increased to \$2,659,000 (\$22,726 per acre) since the Foundation requested the additional grant authority from DNR, but that the DNR grant would still be limited to 50% of the 1997 appraised value of the property rather than any additional amounts needed to finalize the sale.

The Department would provide a grant for half of the appraised fair market value of the 93 acres of property actually being utilized for the Ice Age Trail. Valued at \$21,367 per acre, the total cost of the 93 acres would be \$1,987,131, half of which is \$993,565 (as requested). Both appraisals, however, set the value of the parcel at \$21,000 per acre. The official Department appraisal has a value of \$2.5 million because the appraiser chose to round up from \$2,457,000 in setting the final value. Thus, the appraised value of the 93 acres for which the Department is making the grant would arguably be \$1,953,000, half of which would be \$976,500. The Committee could reduce the grant amount by \$17,065 in recognition of the actual appraised value of the property.

Zoning and property value issues. It could be argued that the price being paid for the property is too high, given that the land is currently zoned as agricultural and the city has indicated that part of the land would be maintained as green space in the absence of the purchase by the Ice Age Trail Foundation. As a result of the green space designation, the overall value of the entire 117 acre parcel might decrease, because part of it would not be able to be developed in the short term and therefore the value from its highest and best use would not be immediately realized. Thus, it could be seen as unnecessary for the state to be providing funding for a grant to maintain land in the state in which it would likely be kept, at least in the short term, in the absence of the grant.

Conversely, it could be argued that the fair market value of the land has been determined by two different private appraisers to be approximately \$2.5 million dollars. Neither the DNR nor local governments intend to use eminent domain to condemn the property for use in the Ice Age Trail. However, it should be noted that in condemnation proceedings, providing less than

the fair market value for the land could be considered a taking without just compensation in violation of the Fifth and Fourteenth Amendments to the U.S. Constitution. Further, under s. 32.09(5)(b) of Wisconsin Statutes, any increase or decrease in the fair market value of property caused by any public improvement for which property is acquired, or the likelihood that the property would be acquired for such an improvement, may not be taken into account in determining just compensation for the property. In this case, that would indicate that a green space designation by the local government should not be taken into account in determining the value of the Verona Properties parcel.

DNR and Dane County further argue that the land cannot be purchased at less than the fair market value of approximately \$2.5 million. If the landowners refuse to sell to the Foundation and the Ice Age Trail Junction is eventually reconfigured, this property may be rezoned (at least in part) for residential development at some future date.

Magnitude of grant. In addition, the size of the grant may be of some concern. The Ice Age Trail component of stewardship is allocated \$500,000 per year in bonding, or a total of \$5 million over the ten years of stewardship as provided under current law. Thus, this single grant for \$993,565 represents nearly two years worth of funding allocated under stewardship for the Ice Age Trail, or 20 percent of the ten-year allocation for the Ice Age Trail.

It could be argued that the money proposed to be expended for this grant could be better spent acquiring less costly parcels in other counties along the Ice Age Trail so as to maximize the purchasing power of the allocated bonding. However, Dane County is among the fastest-growing counties in the Ice Age Trail corridor. Thus, it could be argued that stewardship bonding would best be utilized to acquire those parcels of land for the trail which might become unavailable in the near future due to development pressures. Full development of the trail could be hampered because of the high cost or unavailability of land in more developed counties.

Further, the current grant arrangement meets the statutory requirements for the Department to encourage other municipalities and organizations to participate in the establishment and development of the Ice Age Trail. Without the partnership between DNR, Dane County, the Ice Age Trail Foundation, the city of Madison, and the private developer, the Department would have to pay the entire \$2.6 million in order to acquire the parcel, as well as the subsequent costs of developing and maintaining the Ice Age Trail Junction. Thus, it could be argued that, while the magnitude of the grant is large, the state is using the money to leverage other funding to the advantage of all parties involved.

Deadlines. Dane County staff indicate that the option to purchase the land at its current price is dependent on the landowner's willingness to accept that amount as the final offer. DNR has set a deadline of June 30, 1998, for expending this grant. However, DNR staff indicate that if the parties to the grant are still negotiating the final details, the Department typically will extend the grant deadline.

If the Department is not allowed to make the grant, the \$993,565 that would otherwise have been provided would revert to the unobligated balance of the Ice Age Trail category of stewardship. Dane County staff indicate that if the grant is not provided, they would not be able to provide the remaining funding necessary to finalize the purchase at the currently negotiated price.

ALTERNATIVES

1. Approve the DNR request to expend up to \$993,565 for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County.
2. Authorize DNR to expend up to \$976,500 for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County. *OK BUT NOT GREAT*
3. Authorize DNR to expend the original grant award of \$704,840 to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County. *- NO*
4. Deny the request (no expenditure of stewardship funds for this grant would be approved). *- NO*

Prepared by: Russ Kava

Agenda Item V
DNR - Buena Vista Wildlife Area
Stewardship Purchase

Background:

DNR wants to purchase 360 acres from First Avenue Investments for the Buena Vista Wildlife Area in Portage County. The selling price is \$275,400.

FB Analysis:

If purchased, this land would become part of the existing Buena Vista Wildlife (and recreation) area, which is about 11 miles south of Stevens Point and home to a lot of endangered prairie chickens (probably named Shibilski).

The state's already dropped about \$1.1 million on Buena Vista, but hey, what's another quarter million. DNR's purchase option on the property expires on March 5th (i.e. today). DNR is trying to get a verbal agreement to extend the closing period.

Alternatives:

Recommend Alt 1

(note: Approve the request. Steven's Point needs more pork/chickens)



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 5, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Buena Vista Wildlife Area (Portage County) Stewardship
Purchase--Agenda Item V

REQUEST

The Department of Natural Resources (DNR) requests approval to purchase 360 acres of land from First Avenue Investments for \$275,400 from the Warren Knowles-Gaylord Nelson stewardship program for the Buena Vista Wildlife Area in Portage County.

BACKGROUND

Stewardship and General Land Acquisition

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs.

The stewardship program currently authorizes \$6.7 million annually for the Department's general land acquisition program. General land acquisition bonding is used to purchase land for a number of Department functions, including fisheries management, forests, parks, wildlife management, wild rivers and resources areas. When a DNR project is planned, a map showing the desired borders for the whole project is drawn. Usually, not all of the land proposed for the project is for sale at that time. Under this program, DNR purchases property that is available

within the mapped boundaries and then buys additional parcels as they come on the market to fill out the project borders.

It is also expected that DNR will allocate \$1.9 million annually of land acquisition funds from the federal government under the Land and Water Conservation Act, the Sport Fish Restoration Act and the Wildlife Restoration Act (Pittman-Robertson). Therefore, a total of \$250 million (\$25 million annually) is available under the stewardship program.

Buena Vista Wildlife Area

The First Avenue parcel is located in southwestern Portage County, about eleven miles south of Stevens Point. If purchased by DNR, the parcel would become part of the Buena Vista Wildlife Area. The Buena Vista Wildlife Area project began in the 1950s to provide habitat for prairie chickens, which need large areas of open grassland to maintain a viable population. The Dane County Conservation League and the Tympanuchus Society acquired most of the land, with the Department leasing and managing it. The wildlife area was officially established in 1988. In 1989, more than 6,900 acres owned by the Tympanuchus Society were sold to DNR. To date, approximately 7,300 acres have been purchased within the area, about 52 percent of the overall acreage goal of 14,000 acres. Over \$1.1 million has been expended on the acquisition of property in the area.

The First Avenue property consists of generally level grassland and pasture with scattered trees. Although the township in which the parcel is located does not have comprehensive zoning, much of the land has been identified as wetlands on state land inventory maps. The parcel is currently used as pasture land for cattle, and is proposed to be used by the Department for wildlife management and public recreation. The only improvements on the property are fences. The property has no significant merchantable forest cover and no water frontage on any natural lake or stream. There are no known mineral deposits on the property. Access to the property is provided by a county trunk highway and a sand-gravel town road. DNR owns or manages adjoining lands on all or part of three sides of the property. A total of \$2,185 in property taxes was paid on the land in 1996.

The grantor is reserving the right to place a sign on the property in tribute to a deceased relative who was a former owner of the property. The sign will be constructed and placed at the owner's expense.

Joint Finance Review

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the

project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of the Buena Vista Wildlife Area purchase was received by the Co-chairpersons on January 29, 1997. On February 17, 1998, the Co-chairpersons notified DNR that a meeting would be scheduled to review the request.

ANALYSIS

The funding for this purchase would come from the general land acquisition component of the stewardship program, as well as federal Pittman-Robertson funding for land acquisition. Assuming this request is approved and considering other obligations and expenditures, through February of 1998, the Department estimated an unobligated balance of approximately \$2.5 million in the general land acquisition component of stewardship, including the federal funding used for land acquisition.

In August of 1997, the Department made an offer to the owners to purchase a 520 acre parcel (which includes the 360 acres in this purchase) for \$310,000. The offer was based on a July, 1997, private appraisal which put the value of the land at \$307,000 (\$590 per acre) and of farm buildings on the property at \$3,000. This appraisal used comparable sales made between January, 1996, and March, 1997. The owners rejected this offer. DNR staff indicate the owners felt the per acre value of the land set in the appraisal did not reflect the most recent sales.

Based on more recent sales data, a reappraisal was done in October, 1997. The second appraisal placed the value of the 360-acre parcel at \$275,400 (\$765 per acre) with grazing land cited as the highest and best use for the property. Four updated comparable sales were used in the appraisal. All of the sales took place between March and August of 1997. Three of the parcels were 40 acres in size, while the fourth was 114 acres. The per acre sales price of the parcels ranged from \$719 to \$1,250. Adjusting for time, parcel size and merchantable timber on the property, the value per acre cited in the appraisal ranged from \$688 to \$947 per acre. The average value per acre was \$764.

The Department argues that acquisition of the First Avenue property would allow for protection of the habitat of the greater prairie chicken, a bird which is on the state's threatened species list (meaning the species appears likely, on the basis of scientific evidence, to become endangered within the foreseeable future). It would also provide habitat and allow for the management of deer, small game and non-game species and provide additional opportunities for public recreation. The amount of land purchased for the wildlife area would increase from 52 percent to 54 percent of the overall acreage goal.

The Department's option for the property expires on March 5, 1998. If the Department cannot formally close on the property before that date, facilities and lands staff indicate that they will attempt to secure a verbal commitment from the current owner to extend the option. Staff

indicate that, in general, verbal extensions can be secured in most cases, but it is dependent on the individual land owner.

If the Department is not allowed to make the purchase, the \$275,400 that would otherwise have been spent on the First Avenue purchase would revert to the unobligated balance of the general land acquisition category of stewardship. The appraisal indicates that the highest and best use of the land would otherwise be for grazing lands, but notes that the subject could potentially be converted to center pivot irrigated truck farming or used for cranberry production.

ALTERNATIVES

1. Approve the DNR request to purchase 360 acres of land from First Avenue Investments for \$275,400 from the Warren Knowles-Gaylord Nelson stewardship program for the Buena Vista Wildlife Area in Portage County.

2. Deny the request. — No

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